

The Monthly Magazine for Food and Agricultural Exporters

AgExporter

United States Department of Agriculture
Foreign Agricultural Service

December 2004

**West African, Central American Conferences
Explore Science-Based Solutions for
Accelerating Agricultural Productivity**





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This is the final issue of **AgExporter**. Beginning in 2005, a quarterly publication will debut as the FAS magazine.



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Volume XVI, No. 12

Published by

U.S. Department of Agriculture
Foreign Agricultural Service

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Subscription Information:

Subscriptions to FAS publications are handled by NTIS (the National Technical Information Service): Tel., toll-free: 1 (800) 999-6779, DC area: (703) 605-6060; Internet: www.ntis.gov/products. FAS subscriptions are also sold by the Superintendent of Documents, GPO (U.S. Government Printing Office), Tel., toll-free: 1 (866) 512-1800, DC area: (202) 512-1800; Fax: (202) 512-2250; Internet: bookstore.gpo.gov; Mail: Stop SSOP, Washington, DC 20402-0001. Please direct all subscription questions or comments to NTIS or GPO.

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West African, Central American Conferences Explore Science-Based Solutions for Accelerating Agricultural Productivity

By Eric Van Chantfort

Two regional conferences an ocean apart brought the message and promise of agricultural science and technology to Central America and West Africa earlier this year.

The participants, including government ministers and several heads of state, discussed the costs and benefits of specific technologies as well as the larger issues of hunger, poverty and economic development. They emerged with new initiatives and commitments to strengthen cooperation, expand local scientific expertise and increase access to beneficial agricultural and food technologies, including biotechnology.

USDA cosponsored the regional conferences as part of the broader effort to continue the work begun at the June 2003 Ministerial Conference and Expo on Agricultural Science and Technology in Sacramento, CA. That groundbreaking conference drew high-level officials,

researchers and other delegates from 117 nations, at the invitation of U.S. Secretary of Agriculture Ann M. Veneman (see **AgExporter**, November 2003).

It was one of the largest gatherings ever to address the role that science and technology, combined with supportive policies, can play in helping developing countries raise their agricultural productivity.

According to international experts, even small productivity gains can make a big difference in the lives of chronically hungry people, who number nearly 850 million worldwide. For agriculture-dependent, low-income economies, increased productivity in the farm and food chain can reduce hunger, improve nutrition and health, elevate living standards and spur economic growth.

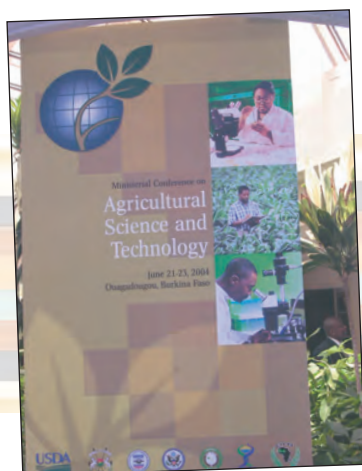
Like the 2003 Sacramento ministerial, the two regional follow-up conferences brought political leaders together with scientists and other experts to share ideas on technologies, policies and partnerships to boost productivity in an environmentally sustainable way.

Secretary Veneman led the U.S. delegation to the Central American conference in Costa Rica, May 10-11, 2004.

Under Secretary J.B. Penn, who heads USDA's Farm and Foreign Agricultural Services, led U.S. participation at the West African conference held in Burkina Faso June 21-23. The U.S. Department of State and USAID (the U.S. Agency for International Development) joined USDA in cosponsoring the ministerial conferences.

Local cosponsors of the Central American conference included Costa Rica's Ministry of Agriculture, its Ministry of Science and Technology, and IICA (the Inter-American Institute for Cooperation on Agriculture). Seven Central American countries, Mexico and the Dominican Republic participated along with the United States.

The Burkina Faso Ministry of Agriculture, Water and Fisheries Resources hosted and cosponsored the West African conference, which was also endorsed by the Economic Community of West African States, the West African Economic and Monetary Union and the Permanent Interstate Committee for Drought Control in the Sahel. Fourteen West African countries were among the 22 countries represented.



West Africa Embraces Biotech's Promise

Technology-themed banners adorned the city as delegates to the three-day West African ministerial met in Ouagadougou, Burkina Faso's capital. Four of the region's presidents—Blaise Compaore of Burkina Faso, John Kufuor of Ghana, Amadou Toumani Toure of Mali and Mamadou Tandja of Niger—participated in the opening ceremonies and presented remarks.

The initial proposal for a West African regional conference had come from Burkina Faso's government. Like many of its neighbors in sub-Saharan Africa, Burkina Faso is a proud but poor country. Average per capita income is less than \$1 a day, and an estimated 80 percent of the population relies on subsistence agriculture.

In addition to the presidents, the conference attracted 18 ministers and more than 300 total delegates, as well as African, European and international press. Representing the United States, Under Secretary Penn was accompanied by Deputy Assistant Secretary of State for African Affairs Pamela E. Bridgewater and other USDA, State Department and USAID officials.

TECHNOLOGY-THEMED BANNERS ADORNED THE CITY AS FOUR OF THE REGION'S PRESIDENTS JOINED IN THE OPENING CEREMONIES.

Officially titled the Ministerial Conference on Harnessing Science and Technology To Increase Agricultural Productivity in Africa: West African Perspectives, it featured more than 40 presentations by high-level officials, scientists and other experts from Africa, the United States, Europe and other regions around the world.

In her videotaped welcome message, Secretary Veneman said, "Our goal is to support and accelerate technological progress within Africa. We want to increase access to beneficial agricultural and food technologies, and to help build scientific capacity and expertise within Africa."

She also announced that Africans would be among the first group of participants in the new Norman E. Borlaug International Science and Technology Fellows Program. Launched by USDA in March 2004, the Borlaug program funds short-term, U.S.-based scientific training and exchange for researchers, policy makers, agribusiness people and university faculty in developing countries, with special emphasis on Africa, South America and Asia.

On the first day of the conference, Under Secretary Penn signed a memorandum of understanding with AATF (the African Agricultural Technology Foundation) to help address specific problems for African crops and conditions. Under the agreement, USDA will work with AATF to transfer appropriate technologies developed by USDA scientists to African researchers and then to the region's farmers.

"The signing of this memorandum of understanding," said AATF Executive Director Mpoko Bokanga, "is a major step toward accessing technology that is needed to increase the productivity of small-holder African farmers." AATF is an African-based public-private umbrella





organization that works to identify and promote the distribution of agricultural technologies to resource-poor farmers in sub-Saharan Africa.

The ministerial conference was organized around four central themes: water management and conservation, biotechnology and biosafety, public-private partnerships, and policies and regulatory frameworks that can help foster science-based solutions to lagging agricultural productivity. A pre-conference tour, luncheon session and workshop were devoted to the critical regional issues of water availability and efficient use, including affordable technologies and good irrigation practices.

Of the four themes, biotechnology got most of the media attention. But the conference did not turn West Africa into a battleground on biotechnology, as many headlines seemed to suggest.

Instead, conference participants quickly agreed that the debate over “whether biotechnology” is over. Their remarks focused mainly on how best to use the tools that biotechnology offers, how to target the benefits to farmers and consumers and how to ensure its proper regulation and use. Several speakers noted

that more research might be taking place in West Africa if the countries in the region had better defined, science-based regulations.

Each of the attending presidents voiced his support for science in general and biotechnology in particular to help make African agriculture more productive, efficient and profitable. In his remarks, Burkina Faso President Compaore said, “Considering the progress in science and technology, the third millennium will be the one of modern biotechnology.”

Before the end of the conference, West African ministers adopted a resolution calling for more research and investment in agricultural biotechnology and recommending the creation of a West African center for biotechnology. They also agreed to meet again in Bamako, Mali, to build on the progress made at the conference.

Although the conference focused on increasing productivity for staple and high-value crops, discussions also addressed the use of technology to enhance the nutritional value of food to improve health and help combat the HIV/AIDS pandemic. Another issue dis-

cussed by speakers was the importance of regional cooperation and partnerships, rather than countries with limited resources and expertise trying to tackle problems alone, or duplicating research or regulatory approaches already developed and widely accepted by others.

“All of these issues discussed are cars on the agricultural train,” Under Secretary Penn said in his closing remarks. “They are all connected, and they all can be pulled along by a science and technology engine. The momentum that we established this week has the train already moving, and now we need to pick up the speed.

“So it is up to you as ministers—the policy makers and political leaders—to determine both in your countries, and for the West African region, where that train is headed and how soon it gets there. We in the United States stand ready to take the ride with you.”

During the conference, U.S. officials also met with country delegations in separate bilateral and multilateral meetings, discussing a number of issues including Africa’s needs for technical assistance and training. As part of the ongoing effort to address these needs, USDA promised to arrange a U.S. cotton industry study tour



for officials from four cotton-exporting African countries.

The West African conference supported three U.S. presidential initiatives—the Initiative to End Hunger in Africa, the Water for the Poor Initiative and the Trade for African Development and Enterprise Initiative.

Central America Hosts First Regional Conference

A month before the West African conference, Secretary Veneman led a high-level U.S. delegation to Central America for the first regional conference under USDA's science and technology initiative. Nearly 200 participants, including 20 cabinet-level officials from 10 countries, gathered in Costa Rica in May 2004 for the Ministerial Conference on Science and Technology To Increase Agricultural Productivity.

In addition to the United States and Costa Rica, participating countries included Mexico, the Dominican Republic, Belize, El Salvador, Guatemala, Honduras, Nicaragua and Panama. All but the United States are members of CORECA, the Regional Council for Agricultural Cooperation.

PARTICIPANTS WERE ESPECIALLY INTERESTED IN THE POTENTIAL OF BIOTECHNOLOGY TO REDUCE COSTS AND INCREASE PRODUCTIVITY AND PROFITABILITY.

The nearly 35 speakers and presenters included Costa Rican President Abel Pacheco, Secretary Veneman, IICA Director General Chelston Brathwaite, U.S. Science Advisor to the Secretary of State George Atkinson and many other officials and experts representing different governments, industries, universities, research centers and nongovernmental organizations. The conference was held outside San José at the headquarters of IICA, which works to foster agricultural and rural development in the Americas.

In her opening message, Secretary Veneman spoke about the goals of the conference. "One of the greatest chal-

lenges before us," she said, "is to improve the lives of millions of people around the world through better diets and improved nutrition. And one of the most efficient means of doing that is through science and technology, making new knowledge, techniques and products widely available...to improve agricultural productivity [and] increase and improve food production."

She also announced funding for scientific training and exchange for Central American researchers and policy makers under USDA's Norman E. Borlaug International Science and Technology Fellows Program.

During the conference, ministers of agriculture sat down, some for the first time, with science and technology ministers to discuss the role of technology in raising agricultural productivity and how the two parts of government can work together. Similar meetings were repeated at the West African conference a month later, as ministers began to see the possibilities for agriculture to become much more than a tradition-bound, subsistence sector of the economy.

Many officials spoke about the impact rising agricultural productivity can have





on incomes and rural conditions, and they shared their vision of technology-driven, agriculture-led economic development.

Regional integration and cooperation was a major theme of this conference. Ministers recognized the importance of sharing information, identifying regional priorities, working through regional organizations and building public-private partnerships.

Presentations generated lengthy discussions on the benefits and costs of agricultural biotechnology. Participants from the region were especially interested in the potential of biotechnology to reduce costs and increase productivity and profitability.

At sessions on policy and regulatory frameworks, delegates agreed on the need for consistent and transparent policies to promote free trade, attract investment and encourage the development and adoption of productivity-enhancing technologies.

As in West Africa, the presence of ministers from different governments permitted separate bilateral and multilateral meetings on cooperation, trade and other issues. During these meetings, U.S. officials provided detailed information on a range of U.S. technical assistance programs in the region.

The meetings also provided an opportunity for participants to voice their support for regional and global trade reform initiatives and for continued U.S.-Central American cooperation on the fruit fly eradication program—a subject of considerable importance in the region.

In remarks at the closing session, Jim Butler, USDA Deputy Under Secretary for Farm and Foreign Agricultural Services, said, “We have discussed a shared vision to find solutions and to tap opportunities for applying science to real world

problems.... We all agree that countries which improve agricultural productivity are able to increase their incomes, participate in global markets, reduce hunger and poverty, and improve the quality of life for their citizens.”

More than 30 reporters and other media representatives attended the conference, providing extensive newspaper, radio and television coverage. During the conference, Secretary Veneman participated in the opening of IICA's first historical gallery to honor the organization's long history.

Follow-Up and Next Steps

In response to the challenges discussed at the 2003 Sacramento ministerial, USDA launched a wide range of workshops, briefings and other activities under its science and technology initiative, including the two follow-up regional conferences. The regional conferences generated their own flurry of activity.

In July 2004, USDA followed through on a commitment made during the West African conference, holding a special meeting with West African ambassadors in Washington, DC, to brief them on the many technical assistance and capacity-building programs available from U.S. government agencies. It was part of a continuing dialogue with African ambassadors that began after the Sacramento conference.

Also in July, ministers from Benin, Burkina Faso, Chad and Mali participated in a capacity-building tour of the U.S. cotton industry, followed by a meeting with Secretary Veneman and other USDA officials in Washington. A U.S. private-public sector team of cotton experts then traveled to West Africa from late September to mid-October 2004 to look

at the cotton industry there and suggest ways to improve production, transportation and processing.

In August, USDA welcomed the first 33 participants in the Norman E. Borlaug International Science and Technology Fellows Program, including three from Ghana in West Africa. The participants came to the United States for specialized training in such areas as agricultural production, processing and marketing at Texas A&M, Iowa State and Cornell Universities. USDA will sponsor about 100 participants each year under this program.

USDA will also share technologies and scientific resources through the agreement signed with AATF in Burkina Faso, and will help West Africa achieve its goals of creating a regional biotechnology center.

USDA and USAID are working with countries in West Africa, Central America and other developing regions on the issues discussed in the Sacramento ministerial and the two regional meetings, using a variety of programs providing technical assistance and training, cooperative research and exchange, development assistance and trade capacity-building.

“We continue to reach out to developing countries,” Secretary Veneman said, “to help them understand and utilize new technologies that will help them feed their own people.” ■

News releases, presentations, photographs and other materials from the two regional conferences are available on the FAS Web site: www.fas.usda.gov/icd/stconf/conf_main.html



Cruising for New Markets in the Mediterranean?

By Joanna Apergis

Think of a cruise and you may envision travel to beautiful ports of call in the Caribbean and Mediterranean. To U.S. high-value food suppliers, these cruises represent a food service destination that requires millions of dollars of quality products each year.

Second only to the Caribbean in its number of cruises, the Mediterranean cruise ship industry, which centers on Greece, averages 2.3 million passengers a year. Other popular Mediterranean ports of call can be found in Italy, France and Spain.

Greece boasts the highest embarking rate of all countries in the EU (European Union), followed by Italy, Denmark, the United Kingdom and Germany. In 2002, nearly 800,000 ship passengers arriving in Greek ports were foreign tourists.

Greek-Owned Ships Ply Shorter Routes

Greek-owned cruise ships, ferryboats and smaller sea vessels have itineraries that include the Greek Islands and nearby Cyprus, Italy, Egypt and Turkey. Ninety-five percent of their annual 80,000 passengers are Greek citizens.

Ferryboats and short sea vessels provide minimal food and beverage service with no overnights. Small cruise ship stays range from one to four nights and usually have buffet food service with some à la carte items. On the other hand, large cruise liners spend 3 to 14 nights at sea and provide passengers with multiple food service choices.



U.S. Companies Buy Mostly at Home

Most large cruise liners that sail the Mediterranean are U.S.-owned. These companies have three options for supplying food for their ships: loading U.S. products on the ship at a U.S. port of origin; shipping U.S. products via a broker to a port of call; or purchasing from local dis-

tributors and ship suppliers, or chandlers, at the port of call.

Planning and ordering food and beverage supplies for these large ships occur well in advance of each trip. Purchasing agents, usually in U.S. headquarters offices, balance logistics, chef preferences and food trends.

These agents prefer U.S.-sourced products because they are considerably cheaper than buying local and U.S. products from vendors at ports of call. Cruise lines will purchase directly from large food companies if they offer a wide range of products; otherwise, they depend on food brokers and distributors for provisioning.

The largest possible quantities of goods are stored onboard the ship at port of origin. Most U.S. products are shipped via a U.S. consolidator to a Greek free trade zone port (such as Piraeus or Thessaloniki), where they are considered ship stores in transit, and therefore face no added duties and few additional EU regulations. Alternatively, they are loaded directly onto the liner from the shipping vessel. These goods mostly consist of dry, canned, frozen and some refrigerated items.

EU Bars U.S. Beef, Poultry

U.S. beef and poultry exports to Greece (and all EU countries) face strict



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regulations, regardless of ship stores' in-transit status. Only beef from non-hormone-treated cattle from EU-approved plants can be imported. U.S. poultry is banned due to EU restrictions on U.S. poultry processing practices.

Local Suppliers on Tap

With passengers consuming as much as \$20,000 a day worth of provisions for extended periods, cruise liner companies also depend on local chandlers and other European distributors at ports of call to supply perishables and make up for shortages. These items usually include chilled meats, poultry and dairy products and fresh fruits and vegetables. Considered ship stores in transit, they are not bound by duties, but must meet EU regulations.

Ordered remotely by purchasing agents, the goods procured from local suppliers are inspected by the ship's chef or provision master to assure that quality and safety conditions are met.

Variety the Watchword

With millions of meals served each year, cruise ships are a major component of the food service industry. Cuisine aboard cruise ships ranges from traditional meals prepared by renowned chefs, to breakfast and lunch buffets, to theme restaurants. On large liners, room service



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meals, formal dining and buffets are available 24 hours a day.

Besides large quantities, the cruise ship trade also demands quality products. Due to their sizable orders, cruise lines can command the best prices for food and beverages.

Trade Shows Can Provide Entry

The easiest way to introduce a new product to a U.S. cruise line company is to exhibit at cruise line and food and beverage trade shows. U.S. suppliers can pique the interest of chefs, purchasing agents and brokers by providing samples and promotional material.

Cruise line purchasing agents rely mostly on food service distributors in the United States to source their products when loading at the port of origin. These distributors often host events where approved suppliers can promote their products. Prospective vendors can contact this intermediary and submit bids to be considered as suppliers.

Food brokers put together and deliver shipments to the cruise line's own ship chandler at the port of call. The best way for suppliers to contact brokers is by calling directly or visiting Web sites. Brokers will usually request proprietary information from the supplier after contact.

The large shipping industry in Greece supports many local companies that supply foods and beverages to cruise ships from all over the world. Most chandlers are located at Piraeus, a major port for the shipping and tourism industries. The largest chandlers contract with major cruise lines to supply food and beverage products.

Local chandlers can source many U.S. name brands and dry goods from local distributors as well as from other EU sup-



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pliers. Usually less than half of port-of-call orders are made up of U.S. foods. Greek companies also offer local specialties such as olives or feta cheeses.

Although not in the forefront of supplying cruise ships, local Greek distributors play an important role in the placement of U.S. food and beverage imports on cruise ships. Chandlers depend on them for much of their stock and also for less frequently ordered items.

In contrast, Greek cruise lines and ferriesboats depend more on distributors than any other source. Most of their products are of EU origin.

U.S. fresh fruits, vegetables and dairy products are not in demand at ports of call due to competitive, easy-to-procure local supplies.

U.S. eating habits follow passengers aboard these ships. The latest trends include reduced-carbohydrate, reduced-sodium and sugar-free products. U.S. seafood, especially lobster and shrimp, is always in demand, though in small quantities. ■

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For details, see FAS Report GR4020. To find it on the Web, start at www.fas.usda.gov, select **Attaché Reports** and follow the prompts.

As a member of the EU, Greece operates under all EU tariff and health certification requirements. EU import certification requirements may be found on the EU Commission Web site: <http://europa.eu.int>

Greeks Have Eye on Pet Foods

By Joanna Apergis

Until recently, pet dogs and cats in Greece lived outside the home and were fed mostly table scraps. The traditional Greek perception was that pets were part of the landscape, and it was unnecessary and unsanitary to allow them to stay indoors. Now the way Greeks care for their pets is changing.

A Change in Perception

A combination of influences from both the United States and other Western European countries through television, film and magazines has begun to transform the way many Greeks think of cats and dogs. Households of all types, in both the suburbs and urban areas, have begun to include pets inside the home. Some Greeks, particularly those with high incomes, see pets as a status symbol.

New Kind of Pet Owner

This new kind of pet owner is more likely to be a well-informed customer of supermarkets, pet food stores and veterinary clinics, where pet products are widely available. They read labels on pet food packaging and often obtain advice from veterinarians and pet store employees. Pet owners with higher incomes are more likely to purchase premium pet food brands from pet stores and veterinary clinics, including those produced in the United States. Greeks hold U.S. pet food products in high regard.

Retail Outlets

Supermarkets are by far the largest

retailers of pet foods, with more than 85 percent of the sales in Greece. They stock mainly private-label premium products imported from other EU (European Union) countries.

A secondary but important retail outlet for pet foods is the pet supply store, with more innovative, higher quality and greater variety of products. In 2003, \$1.57 million worth of U.S. pet foods were imported into Greece, and were sold mainly in pet supply stores and veterinary clinics concentrated in and around Athens and other densely populated cities.

GREEKS WITH HIGH INCOMES SEE PETS AS A STATUS SYMBOL.

During the last three years, Greece has seen growth in the number of pet supply stores of 5-10 percent, and these stores offer the best prospect for future sales of U.S. pet food products. Many customers of pet supply stores and veterinary clinics are willing to pay slightly higher prices for premium pet foods. These customers are also interested in pet treats that have health benefits such as dental cleaning and bone health. As a result, the upper premium pet food market offers the best prospects for U.S. exporters.

Future sales of pet foods in Greece are expected to increase by at least 5 percent annually for the next five years. Retail shelf space is at a premium and competition with less expensive European brands is strong.

Entering the Market

Using a local Greek distributor to introduce a new product is generally the

best entry method. Local distributors are the best route for achieving wide distribution through many channels, including the crucial pet supply stores and veterinary clinics. A visit to Greece to meet a potential partner or customer is essential. Personal contact is often the critical factor in landing a sale or a contract.

Since prices of U.S. pet foods are usually higher than those of competing brands, marketing and advertising are crucial to success. The best approach for a U.S. supplier to introduce a product is through advertising and free samples. For example, a veterinary clinic display would convey to clients the endorsement of the veterinarian. Sending samples to veterinarians is a useful technique to getting products into the market. ■

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Fi ASIA-CHINA 2005



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When:

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Best Products:

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For more information on the show, visit: <http://asiachina2005.fi-events.com>

U.S. Confectionery Sweetens Exports to South Korea

By Seh Won Kim

In 2003, South Koreans indulged a national sweet tooth when 49 million consumers spent \$1.8 billion on confectionery products. Of this amount, \$167 million worth were imported. The United States led the way with \$40.9 million in sales, for a 24.5-percent import share, followed by China (14 percent) and Australia (7 percent).

Chocolates, Demographics

Though sales tend to be seasonal, ever-popular chocolates made up almost 70 percent of U.S. confectionery sales to South Korea in calendar 2003.

Valentine's Day sales account for 60 percent of chocolates sold in the country, with demand also up during White Day season in March. Marketing for these holidays takes into account that on February 14, female consumers present their significant others or male friends with gifts, but on March 14, the tables are turned and male consumers are on the giving end. In March, gifts often include white candy or chocolates. Other important candy-giving holidays include Christmas in December and university entrance examinations in November.

Short-term overall growth prospects for the South Korean confectionery market are healthy, as evidenced by a 4-percent increase in sales from 2002 to 2003. A falling birth rate, however, is expected to eventually reduce consumption by the 10- to 19-year-old age group. Suppliers should plan accordingly.

South Korean consumers opt for rec-



ognized confectionery brands. But manufacturers must become increasingly sophisticated with product development and target new demographic groups, such as working women, parents and senior consumers.

Also, diet foods are big business in South Korea, and confectionery items that fit into this health trend are supplanting sugar-based products.

Domestic suppliers now control 60 percent of the marketplace. Brand recognition, vigorous promotional activities and constant updating of products have led to a competitive race that foreign suppliers are winning, edging out domestic brands.

Entry Strategy Requires Planning

Market research heads the list of preparation chores for suppliers planning to enter this marketplace.

To introduce your business, send catalogs, brochures, product samples and price lists to prospective importers. Once you've established contact, visit the

importer and see the market firsthand. While visiting the importer, bring everything needed to negotiate a sales contract. If the importer believes the product will be accepted well in the Korean market, the business deal likely will be quickly made with new suppliers. If not, more time will be needed to survey the market.

U.S. suppliers are encouraged to use letters of credit when doing business with Korean importers.

The Korean importer can help determine the best way to present a new product to consumers, perhaps through design or packaging changes or fine-tuning tastes for local preferences.

Local food shows provide an opportunity to showcase products to a larger audience. Show participation enhances initial contacts with importers, agents, wholesalers, distributors and retailers in the Korean food industry.

MIATCO (the Mid-America International Agri-Trade Council) offers a series of low-cost services to help U.S. suppliers determine the best approach to the Korean market. Fees depend on services provided. Further information is available at the MIATCO Web site: www.miatco.org/us_food/services/index.htm

Large Retailers Simplify Distribution

Korean retailers rarely import food products directly, including confectionery products. However, foreign retailers, such as Wal-Mart and Carrefour, import a limited number of food products.

The advent of hypermarkets, supermarkets and retail chains in South Korea has eased distribution for imported confectionery brands. Suppliers no longer have to rely on traditional channels that service mom-'n'-pop outlets. With one

central buying office per retail company, suppliers can more easily introduce, market and promote new products.

Costs in the South Korean Market

A container of confectionery from the West Coast of the United States would likely incur these expenses:

- Freight and insurance: \$850
- Taxes: 18 percent of total value (8-percent tariff plus 10-percent value-added tax)
- Other charges, such as inspection fees, broker's fees, port handling and service charges, transportation and warehouse charges: \$2,800

Distributors usually pass along 12-percent fees to retailers, which in turn mark up products from 20 to 38 percent.

Importers Furnish Paperwork

The importer must obtain a certificate for the shipment. Upon entry, food shipments will face document inspections and random product sampling that can be visual or require laboratory testing, depending on the food product and the interpretation of the regulations by the Korean customs official. Once the import certificate is issued, contingent upon

U.S. Brands, Packaging Count in South Korean Confectionery Market

Positives for U.S. Suppliers	Improvements Needed (for Suppliers and Market)
Relatively low customs duties	Labeling in Korean language
Good package designs	Smaller packages
U.S. brands and country image important to consumers	Shelf life with date instead of code
Competitively priced products	Addressing consumer food safety concerns
Consumers more accepting of imported foods	Timely response to inquiries
Younger generation becoming more Westernized	Transparent, stable food regulations

inspection, the importer can clear the product through customs.

Labeling requirements change frequently. Korean language stickers may be used but cannot cover original labeling. For functional food items, however, original Korean language labels must be used. Functional foods can carry an efficacy claim, such as a health benefit, and are not classified as pharmaceutical products. The Korea Food and Drug Administration has special requirements for products making health claims.

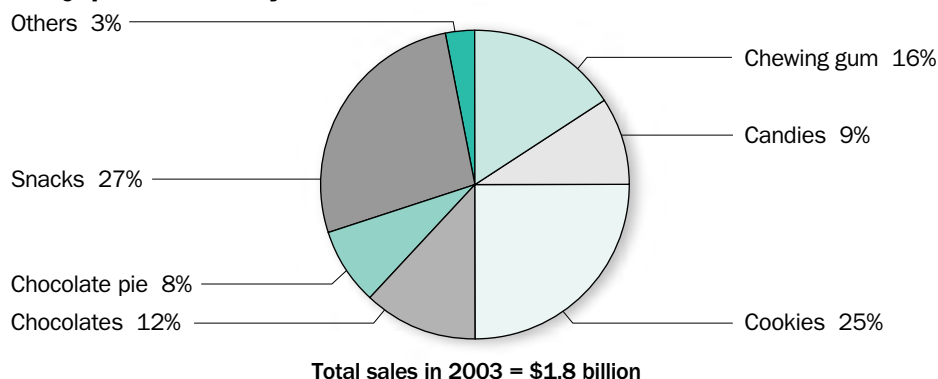
There are some labeling requirements for products that do not change:

- Name
- Type

- Importer's name and address
- Manufacturing month and year
- Shelf life
- Contents by weight, volume or number of pieces
- Ingredients and percent of content
- Nutrient content for certain foods
- Country of origin
- Any cautions or standards of use or preservation

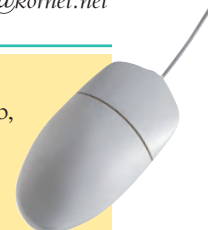
As of July 2004, South Korea had a positive list of 615 approved food additives. Tolerance levels are established on a product-by-product basis. If your product has an additive not on this list, registration of the new additive can be time-consuming, even if a Codex Alimentarius standard already exists. ■

Slicing Up the Confectionery Pie in South Korea



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For details, see FAS Report KS4041. To find it on the Web, start at www.fas.usda.gov, select **Attaché Reports** and follow the prompts.



As Saudi Arabia Goes, So Goes the GCC

By *Hussein Mousa*

Saudi Arabia is the largest and most influential member of the GCC (Gulf Cooperation Council), which also includes the United Arab Emirates, Kuwait, Bahrain, Oman and Qatar.

The Saudi high-value food market is the largest and fastest growing in the GCC region, as reflected in U.S. exports. Of the \$833.3 million worth of U.S. agricultural, fish and forest exports to the GCC region in fiscal 2004, \$383.7 million worth went to Saudi Arabia—almost a third in the form of consumer-oriented food products.

As a group, the GCC strives to create a common set of food standards, but it is SASO (the Saudi Arabian Standards Organization) that leads standard setting for the region, greatly influencing GCC procedures.

SASO coordinates activities among different agencies in the Ministry of Commerce that control food product quality and standards within the country. Understanding SASO regulations is therefore key to accessing not only the Saudi market but other GCC markets as well.

Labeling Is Straightforward

Labels should be in Arabic, or include an Arabic language sticker that does not overlap the original label. Labels must contain this information:

- Specific product name and type of animal, if a meat derivative
- Statement denoting animal feed products

- List of ingredients, in descending order of proportion
- Metric measurements
- Name and address of manufacturer, packer, distributor, importer, exporter or vendor
- Special storage, transportation and preparation instructions
- Additives
- Country of origin
- Shelf life, or
- Date of production, for products with no specific shelf life

Food additives, antioxidants and special diet foods have additional specific labeling requirements.

GCC countries have developed lists of food additives, pesticides and contaminants that are consistent with Codex Alimentarius standards and, to a lesser extent, with European and U.S. standards. These lists are available from SASO.

Samples, when accompanied by a commercial invoice specifying that the products are not for sale, are exempt from Saudi labeling and shelf life regulations. But samples are subject to inspection at ports of entry.

What About Biotech?

The Saudi government requires that products containing ingredients derived from biotechnology be so labeled (biotech-derived animal products are not allowed).

Besides Arabic labeling that includes a triangle with text reading “contains genetically modified product(s),” the country requires a health certificate from the country of origin stating that the biotech ingredients are approved in the country of origin for human consumption.

For U.S. origin foods, the Saudi government allows certificates from state

departments of agriculture in lieu of those issued by USDA or the U.S. Food and Drug Administration. For U.S. corn and soybean meal, Saudi Arabia accepts USDA’s one-time biotech grains certification statements submitted in 2003, eliminating the need for individual biotech certification for shipments of these products.

The Polymerase Chain Reaction Real Time Method for biotech testing is followed by Saudi Arabia, and a 1-percent threshold is allowed to account for cross contamination.

Packaging Requirements

Food packaging requirements were set by SASO in 1997. Food-grade packaging must be:

- Clean, free of contaminants and capable of maintaining the integrity of contents while preventing outside contamination, undesirable odors, flavors and tastes
- Impermeable to moisture
- Structurally stable to remain intact during shipping and handling
- Dissimilar from pharmaceutical packaging

Accompanying Paperwork

Most Saudi food imports enter the country via the ports of Jeddah on the Red Sea or Dammam, on the Persian Gulf. Imports from nearby countries are trucked in.

All imports must have these documents for entry through customs:

- Commercial invoice
- Health certificate from country of origin
- *Halal* slaughter certificate for meat and meat products
- Certificate of origin
- Bill of lading
- Packing list



Imported foodstuffs are inspected and controlled by the Ministry of Commerce at the port of entry, with these exceptions:

- The Ministry of Health requires registration of herbal preparations, health and supplementary foods before they can be marketed. The registration process usually requires about six months, with a \$300 fee.
- Live animals, plants, seeds and animal feeds are inspected by the Ministry of Agriculture.

Livestock, Poultry Face Restrictions

Saudi meat import regulations prohibit imports of livestock and poultry that have been fed animal protein or treated with growth hormones. These restrictions have sharply reduced imports of U.S. livestock, live poultry, and meat and poultry products.

Health certificates accompanying imported meat products must specify that the Hazard Analysis and Critical Control Point system was used in processing them.

Saudi Arabia has banned imports of cattle and related products from Washington state because of concerns about bovine spongiform encephalopathy. Imports of live poultry, poultry meat and products have been banned from countries where avian influenza has been detected. Live poultry imports from countries with West Nile virus have also been banned.

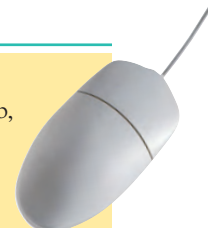
Trademarks Protected

Trademarks must be registered with the Trademark Registration Department through a local agent or lawyer. The application approval process usually takes a month. Application costs run about \$2,000.

The approved trademark is published in the official government Arabic language newspaper Hum Al-Qura. Registration is good for 10 years and can be renewed simply by re-publishing it in the official newspaper. ■

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For details, see FAS Report SA4004. To find it on the Web, start at www.fas.usda.gov, select **Attaché Reports** and follow the prompts.



Israel's Seafood Market, an Opportunity in the Making for U.S. Exporters

By Yossef Barak, Gilad Shachar and Souleymane Diaby

Israel is one of the largest seafood markets in the Middle East, with annual consumption of over 70,000 metric tons. Despite recent growth in domestic aquaculture production, 60 percent of the country's total seafood supply is imported.

Measuring the Market and Competition

In calendar 2003, Israel's seafood imports totaled about \$103 million. Norway is the main import supplier, providing a wide variety of frozen fish products. Other countries supplying Israel's seafood market include Thailand, Kenya and Argentina.

The U.S. market share totaled 1.8 percent in 2003, valued at \$1.8 million, down 60 percent from 1999. The overall decline in U.S. exports is attributed to increasing competition, growth in domestic aquaculture and limited consumer knowledge of the variety and quality of U.S. seafood products. For example, Israeli consumers do not distinguish between U.S. salmon—which is mainly wild caught—and supplies from other countries such as Chile and Norway, which export farmed salmon.

Although the U.S. market share has declined in recent years, there are opportunities on which U.S. exporters could capitalize. For example, the U.S.-Israel Free Trade Area provisions include market access through TRQs (tariff-rate quotas) and elimination of tariffs. In 2004, more than 5,000 metric tons of U.S. frozen



To Be Kosher ...

Fish must have scales, fins and bones.

- **Kosher fish examples:** mackerel, herring, flounder, mullet, tilapia, salmon and sole
- **Nonkosher fish examples:** Shrimp, lobster, calamari, crab, eel and catfish

freshwater and saltwater fish were allowed to enter duty-free under the annual TRQ.

Currently, U.S. exporters face no tariffs on Atlantic and Pacific Ocean salmon or fish fillets or other parts, fresh or chilled. By contrast, other exporters to Israel face duties ranging between 10 and 15 percent, and surcharges of \$555-\$1,000 per metric ton, depending on the products and prevailing exchange rates. In addition, the annual TRQ will increase to

6,800 tons in 2008, which will offer more opportunities for U.S. exporters.

Changing Consumer Base Shifts Market Fundamentals

Although per capita fish consumption in Israel is low at 10.5 kg (1 kilogram=2.2046 pounds) relative to that of other developed countries, total seafood imports are expected to grow faster than the population over the next five years, by as much as 20 percent.

The recent influx of more than 1 million immigrants from the former Soviet Union has brought new consumer tastes into the market and opened new vistas for U.S. exporters of many species of saltwater fish, such as salmon, hake, halibut, mullet and sea bass.

Do Israelis Love Seafood?

Israel's growing interest in seafood has resulted from increased household income, concern about healthy eating and the growing immigrant community. Fresh tilapia and carp are readily available and popular with Israeli consumers. However, consumers are also purchasing more frozen and processed products. Immigrants from the former Soviet Union consume salmon, herring, mackerel, caviar and sardines.

More people are going to restaurants for premium seafood, including shrimp, crab, lobster, calamari, shellfish, salmon and sushi. According to the Household Expenditure Survey conducted by the Israel Central Bureau of Statistics, almost 90 percent of Israeli households consumed some seafood in 2002, and the annual household expenditures for seafood totaled \$296.6 million in 2002, up 84.1 percent from the 1986 level of \$161.1 million.

European Cuisine Style Reigns Supreme

The prevailing fish cooking style is based on Mediterranean cuisine, in which the whole fish is deep-fried or grilled.

Methods for preparing high-quality seafood are very similar to European methods.

Shrimp are often deep-fried or sautéed in butter and garlic or in olive oil and white wine. Calamari is usually deep-fried or grilled, while oysters and mussels are often served with classic sauces.

Business Opportunities in the Fish Market

With the euro getting stronger and making many European products more expensive, it is likely that the demand for U.S. products will increase. The best opportunities for imported fish are during Jewish holidays, including Rosh Hashanah (the New Year) and Sukkoth (the Feast of Tabernacles), which fall in September and October, respectively, and Passover, usually in April, when meals traditionally include all kinds of fish.

With appropriate promotional activities, such as marketing campaigns that address the special tastes of the immigrant community, demand for U.S. fish should grow significantly. Tilapia demand currently exceeds supply, so opportunities for tilapia exporters are especially good. ■

Monthly Average Household Meals Including Seafood

Frequency	Percent
1-3 Meals	27.3
4 Meals	24.6
More than 4 Meals	36.1
Don't Consume Seafood	12.0
Total	100.0

Monthly Average Household Expenditures on Seafood

Category	2002	
	Amount Spent	Percent
Fresh Fish	\$4.04	30.6
Chilled Fish	\$5.04	38.2
Preserved Fish	\$2.60	19.7
Processed Fish	\$1.12	8.5
Fish Paste and Fish Salads	\$0.40	3.0
Total	\$13.20	100.0

Source: Household Expenditure Survey, 2002, Israel Central Bureau of Statistics.

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For details, see FAS Report IS4016. To find it on the Web, start at www.fas.usda.gov, select **Attaché Reports** and follow the prompts.





TRADE SHOW OPPORTUNITY

SIAL MONTREAL 2005

MONTREAL, CANADA

The Show:

SIAL Montreal is a world-class gathering of food and beverage professionals. By exhibiting at SIAL Montreal 2005, you can promote your products to buyers from Canada and 50 other countries. Over 735 exhibitors from 80 countries and 15,000 trade visitors are expected to attend.

The Market:

Canada is the top agricultural export market for the United States, with steady growth over the past 10 years. As the biggest foreign buyer of U.S. consumer food products in the world, Canada is the ideal market for developing your export sales.



In fiscal 2004, U.S. agricultural exports to Canada reached a record \$9.5 billion. The U.S. export product mix to Canada is very diverse, demonstrating opportunities in just about every U.S. product category.

Dates:

April 13-15, 2005



Best Prospects:

Fresh and processed fruits and vegetables, breakfast cereals, fish and seafood products, snack foods, bakery products, mixes and dough, processed beef and pork products, wines and beer, sauces and condiments, bottled water and soft drinks
Excellent opportunities also exist for organic, kosher and Asian foods.

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TRADE SHOW OPPORTUNITY



ANTAD 2005

GUADALAJARA, MEXICO

Who Should Attend:

U.S. exporters of food, including catering products beverages, wines and spirits for the supermarkets and retail sector

Why:

ANTAD 2005 is Latin America's biggest food and supermarket show, with over 900 exhibitors in 35,000 square meters of exhibition space. At ANTAD 2004, more than 15,000 buyers and importers for supermarkets and other retail outlets visited the show.

When:

March 10-12, 2005

The Market:

The retail, hotel, restaurant and food processing sectors in Mexico all present good opportunities for U.S. agricultural exports. All product categories showed modest to good growth rates in 2004, and strong growth in sales of red meats, processed fruits and vegetables, dairy products, wines and beer.

Best Prospects:

Products with the fastest sales growth in recent years and promising continued growth are fish and seafood products, processed fruits and vegetables, dairy products, snack foods, fresh and prepared red meats, poultry meat, eggs and products, soybean meal and oil and wheat flour.

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What Are Buyer Alerts?

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Whether a company has a new product or is new to FAS services, Buyer Alerts are well worth investigating: \$30 million in sales were attributed to this service in the last two years. View an example at: **www.usdabuyeralerts.com**

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The online application for Buyer Alerts is available at: **www.fas.usda.gov/scripts/Agexport/BuyerAlertForm.asp**

On the form, please include as **much** information about your product as possible. Recommended information includes: any trade shows you plan to attend, specials, new products, name of certifier and awards received.

After completing the online application, e-mail a .jpg or .gif file of a product photo or company logo to **buyeralerts@usda.gov**

Contact:

For more information, contact Linda Conrad at: Tel.: (202) 690-3421;
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Trade Notes...

FAS public affairs specialist
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Libya Is Now Eligible for USDA Export Promotion

Libya is now fully eligible for USDA export promotion, export credit guarantee and export assistance programs. Previously, U.S. exporters could ship food and medicine to Libya, but only without U.S. government assistance. After a 20-year absence, USDA funds can now be used by industry partners to re-introduce Libyan agribusiness to U.S. products. The country is an attractive market for a variety of U.S. agricultural commodities. Several FAS export market development cooperators are planning to conduct a range of activities from trade servicing, training on commercial contracting, inviting trade teams to the United States, milling training and other activities. FAS is exploring the feasibility of using export credit guarantees.

In 2004, Libya is expected to have imported \$1.0-1.2 billion in agricultural products—primarily wheat, wheat flour, corn, rice, vegetable oil and dairy products—to feed its population of roughly 5 million. The European Union is the dominant supplier, having captured roughly 50 percent of the import market. Over time, the United States could gain a share of the Libyan import market similar to the 10-20 percent share that it enjoys in other North African markets. At current import levels, this would translate into a potential U.S. export market of \$100-240 million a year.

First Wood Frame Housing Construction License Issued in China

In September, China's Ministry of Construction issued its first wood frame housing construction license, which went to a subsidiary of a U.S. company. The new licensing program will allow companies to build houses without forming joint ventures with Chinese companies. The license, limited to houses with a value of \$1.5 million or less, should free builders from requirements that had previously impeded most wood frame construction projects in China. Over the last several years, the U.S. wood industry actively participated in China's building code revision process to permit residential wood frame construction. Although the revised code will likely create new opportunities for U.S. wood products in China, many Canadian and Russian wood products are more price-competitive. In 2003, U.S. soft-wood lumber exports to China totaled \$19 million.



Also in This Issue:

- Greece's cruise ship traffic and pet food market translate into meaningful sales prospects for U.S. suppliers
- Middle Eastern market snapshots: Saudi Arabia's import requirements, Israel's fish demand

And Next Time:

- This is the final issue of the monthly magazine AgExporter. Beginning in 2005, FAS will publish a new quarterly magazine covering the full spectrum of its responsibilities, including market access, market development, market intelligence and foreign policy.

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